

November 30, 1962  
JH-M-489

Dear Wendell:

25X1A In accordance with Clause 3 of the general provisions, we wish to inform you that present estimates indicated that an additional [REDACTED] will be required to complete the work under Contract PR-8200. This figure is based on receiving authorization to release procurement for type I C, D, E and F systems during December of this year. We recommend that this course of action be followed in order to obtain economies in the purchase of major components and to assure continuous and efficient flow of systems in our shops.

As you know, we are presently proceeding on the basis of your 11 June '62 TWX No. 2000 as interpreted by the Statement of Work Draft dated 13 September, 1962 which was furnished to you on 19 September 1962. We believe the changes in direction involved in those documents, i.e., the manufacture of three distinct and different systems in series with no concurrent procurement on the last three units rather than the originally contemplated method of releasing and manufacturing the last five units as an entity constitutes a change in scope. We also believe we are entitled to change in scope for the items described in our letter of 3 August 1962, (JH-M-452) and later authorized in your TWX 5616, and for the target covers which were approved for procurement on a verbal basis.

The additional work required because of the change in direction can be summarized as follows:

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1. The insertion of type IB required us to add personnel and to initiate a separate procurement of the components and subassemblies required to fabricate this system. The estimate for this system at completion is approximately [REDACTED] Had this unit been completed as one of five, we estimate its cost at approximately [REDACTED] This is a difference of [REDACTED] 25X1A

25X1A

25X1A

2. The fact that procurement on type IC has begun will involve certain duplication of effort in releasing parts for I D, E and F. This is estimated [REDACTED] in labor and parts costs. 25X1A

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3. Our estimate for types I D, E and F is [REDACTED] or approximately [REDACTED] each. It is reasonable to assume that had five units been released at once they would have cost less than this, instead our current estimate for these five systems is [REDACTED] (or [REDACTED] each). This total difference is [REDACTED] Including the [REDACTED] identified with type I B above.

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In addition to the above, separate spares and instruction manual revisions are estimated at approximately [REDACTED]

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In summary the extra work can be tabulated as follows:

Type IB thru IF	As Per Original Concept	As Per Current Proposal	Difference
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Type IC  
Release duplication

Manuals and Spares  
Duplication

TOTAL

25X1A

The changes involved in our August 3, 1962 letter JH-M-432½ include the following:

- 1 - Modification of the C-128 Gimbal
- 2 - Fabrication of five windows for use in the interim test vehicle
- 3 - Additional data outputs

The addition of the requirement for target covers comes about from a change in philosophy in that original plans called for placement and removal of targets for each day's tests as compared to the present plan to cover the targets after each day's test.

In order that you may have the data necessary to review our submission, we are attaching the following:

Attachment "A" - Estimated cost data on a direct labor, overhead and material basis

Attachment "B" - Estimated cost data on a contract item basis

Attachment "C" - Estimated funding requirements on a Government fiscal quarterly basis

Attachment "D" - The proposed schedule based on approval to proceed during December 1962.

A review of attachment "A" indicates that the projected overrun is divided almost equally between labor and material. The fact that most of the labor appears as engineering labor is misleading in the sense that all the personnel assigned to the [REDACTED] Plant report organizationally to our engineering department. The proportion of professional type people to technicians, machinists and assemblers is approximately one to one at this time and the projection is that as the type IC system is assembled and tested the proportion will change to include a majority of technician type labor.

25X1A

The overrun is primarily due to an extension in the time required to complete the task involved and the increased procurement costs of parts and subcontracted assemblies.

scope on which we request a fee [REDACTED] We look to an early negotiation of the changes requested above and stand ready to furnish such additional information as you may require to evaluate our request.

[REDACTED]  
Charlie

25X1A

jkh

Attachments

25X1A

[REDACTED]

The overrun is primarily due to an extension in the time required to complete the task involved and the increased procurement costs of parts and subcontracted assemblies.

[REDACTED]

scope on which we request a fee of [REDACTED] We look to an early negotiation of the changes requested above and stand ready to furnish such additional information as you may require to evaluate our request.

25X1A

[REDACTED]

Charlie

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Attachments

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[REDACTED]

5. One (1) Type IC System

5.1 A type IC System will be fabricated in accordance with the design approved under Item 2 incorporating changes deemed necessary or desirable by the contractor. The objective of type IC is to reduce both anticipated design and performance limitations and those determined during acceptance testing of type IA and/or type IB and to achieve the design and performance objectives outlined in Section 1 of Document 119. Procurement of items not likely to be redesigned as a result of acceptance testing is authorized.

5.2 Delivery of the type IC System to the test site will be negotiated within 60 days after completion of acceptance testing on item 3 or 4. Purpose of the delivery will be for customer acceptance of the system.

6. Three (3) additional type IC Systems

*Add →*  
~~6.1 Work on three (3) of the Additional Systems provided~~  
~~6.1 Three additional type IC systems will be fabricated in accordance~~  
~~for in Paragraph 4. of EXHIBIT "A" to the contract~~  
~~with paragraph 5.1 except that procurement and fabrication of parts~~  
~~shall discontinue effective 11 June 1962. Types~~  
~~1A, 1B and 1C, above, are the systems to be completed~~  
~~and delivered under this contract as herein amended.~~  
~~6.2 Delivery of the three (3) additional type IC systems will be negotiated~~  
~~within 60 days after approval to proceed with full fabrication has been~~  
~~received from the customer.~~

7. Acceptance Tests

7.1 Acceptance by the Customer of each system will be contingent upon successful tests of the system in the vehicle. Acceptance tests will be conducted by the Contractor in accordance with Customer-approved, Contractor-furnished acceptance test procedures. Test plans will be submitted to the Customer for final approval thirty (30) days prior

to the delivery of the Type IA. These acceptance tests are to be made in conjunction with and utilizing facilities provided by the Customer. Initiation of and successful completion of acceptance tests will be contingent upon the availability of all Customer-furnished equipment or facilities necessary to evaluate the system for the performance characteristics as outlined in Section 1 of Document No. 119 above.

- 7.2 Completion of Acceptance Tests for the Type IA, Type IB and Type IC system (Items <sup>4 and 5</sup> 3) should be no later than six (6) months after delivery of each system provided that all customer furnished equipment and facilities required have been continuously available to permit an average acceptance test rate of three (3) tests per week. Written final acceptance of the Type IA, Type IB, and Type IC will be furnished by the customer within seven (7) days after satisfactory Acceptance Tests have been completed.

~~7.3 Completion of Acceptance Tests for the three (3) additional units (item 4) should be no later than four (4) months after delivery of the final unit provided that all customer furnished equipment or facilities have been continuously available to permit an average acceptance test rate of (3) tests per week. Written final acceptance of each unit of item 4 will be furnished by the customer within (7) days after each unit's satisfactory acceptance test is completed.~~

- 7.4 In the event the facilities as stated in paragraph 7.2 above are not available negotiations for a contract amendment will be considered.

## 8. Field Test Equipment

- 8.1 Field Support Equipment will be fabricated or purchased suitable for test and service of system operation in conjunction with acceptance tests at

EXHIBIT "A"  
(Revision No. 1)

STATEMENT OF WORK

1. Study and Preliminary Design

- 1.1 A study program will be performed as a continuation of the objectives designated under prior Contract No. OM-5400 and as outlined in Document No. 68 dated October 20, 1959. Primary objective of this program will be extensive study and evaluation of all feasible systems in an effort to determine the optimum system. Acceptance of the Contractor's recommendation of the optimum system will constitute approval to proceed in the final design of the system configuration.
- 1.2 Final design effort will proceed pending this approval. If written approval or disapproval is not received within fifteen (15) days after submission, approval will be considered as granted.
- 1.3 The effort described in paragraph 1.1 above has been completed with the submission of Section 1. of Document no. 119 and the Contractor's recommendation of the "T" system.
- 1.4 Delivery : March 4, 1960

2. Final Design

- 2.1 Design layout drawings and such additional information as required to describe the prototype system will be prepared in accordance with the objectives approved under Item 1, in sufficient detail to indicate the overall configuration of the system, and the critical dimensions for mounting and operation. These design drawings and additional information will be submitted to the Customer for approval not later than the date indicated in Paragraph 2-3.

*Amendment 4*

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2.2 Detailing and release of detail parts for manufacture can proceed prior to this approval. If written approval or disapproval is not received within fifteen (15) days after submission, approval will be considered granted.

2.3 Delivery - October 15, 1960

3. One (1) Type I-A System

3.1 A type IA system will be fabricated in accordance with the design approved under Item 2 incorporating changes deemed necessary or desirable by the contractor and to meet the objective of early flight test availability in the vehicle, it is acknowledged that this system may not meet all the design and performance objectives outlined in Section 1 of Document 119.

3.2 Delivery of the type I A System to the test site will be made by 15 October 1962. Purpose of the delivery will be test for customer acceptance of the system.

4. One (1) Type IB System

4.1 One additional unit of the type IA system will be fabricated for the same purpose as outlined in paragraph 3.1 above and it is acknowledged that this system may not meet all the design and performance objectives outlined in Section 1 of Document 119. Design changes permitted on the type IB System are limited to non-pacing items, i.e. design changes which would not increase the time needed to make Item 4 available for flight test in the vehicle. Any design changes not within this framework will require specific customer approval.

4.2 Delivery of the type IB System to the test site will be made by 31 March, 1963. Purpose of the delivery will be for customer acceptance of the system.